



**South Carolina
Office of the State Auditor**

**George L. Kennedy, III, CPA
State Auditor**

March 24, 2016

Mr. Tom Turner, President
South Carolina Baptist Ministries for the Aging, Inc.
190 Stoneridge Drive
Columbia, South Carolina 29212

Re: AC# 3-BBH-J1 – South Carolina Baptist Ministries for the Aging, Inc. d/b/a Bethea Baptist Health Care Center

Dear Mr. Turner:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period October 1, 2010 through September 30, 2011. That report was used to set the rate covering the contract period beginning October 1, 2012.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate change shown on Exhibit A. You will be notified of repayment terms by that Agency.

Yours very truly,

A handwritten signature in blue ink that reads "George L. Kennedy, III".

George L. Kennedy, III, CPA
State Auditor

GLKIII/sag

cc: Mr. Jeff Saxon
Ms. Melissa Simmons
Mr. Byron Roberts
Ms. Nicole Mitchell Threat
Ms. Brittany Sandifer
Ms. Chari Preacher
Mrs. Kathy Wine
Mr. Benjamin Spurling

**SOUTH CAROLINA BAPTIST MINISTRIES
FOR THE AGING, INC. D/B/A
BETHEA BAPTIST HEALTH CARE CENTER

DARLINGTON, SOUTH CAROLINA**

**CONTRACT PERIOD
BEGINNING OCTOBER 1, 2012
AC# 3-BBH-J1**

**AGREED-UPON PROCEDURES REPORT

ON CONTRACT

FOR

PURCHASE OF NURSING CARE SERVICES

WITH

STATE OF SOUTH CAROLINA

DEPARTMENT OF HEALTH AND HUMAN SERVICES**

CONTENTS

	<u>EXHIBIT OR SCHEDULE</u>	<u>PAGE</u>
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES		1
COMPUTATION OF RATE CHANGE FOR THE CONTRACT PERIOD BEGINNING OCTOBER 1, 2012	A	3
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD OCTOBER 1, 2012 THROUGH SEPTEMBER 30, 2013	B	4
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED SEPTEMBER 30, 2011	C	5
ADJUSTMENT REPORT	1	7
COST OF CAPITAL REIMBURSEMENT ANALYSIS	2	10



**South Carolina
Office of the State Auditor**

**George L. Kennedy, III, CPA
State Auditor**

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

November 19, 2015

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures enumerated below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with South Carolina Baptist Ministries for the Aging, Inc. d/b/a Bethea Baptist Health Care Center, for the contract period beginning October 1, 2012, and for the twelve month cost report period ended September 30, 2011, as set forth in the accompanying schedules. The management of South Carolina Baptist Ministries for the Aging, Inc. d/b/a Bethea Baptist Health Care Center is responsible for the Financial and Statistical Report for Nursing Homes and supporting accounting and statistical records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the South Carolina Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by South Carolina Baptist Ministries for the Aging, Inc. d/b/a Bethea Baptist Health Care Center, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the Provider. Our findings as a result of these procedures are presented in the Summary of Costs and Total Patient Days, Adjustment Report, and Cost of Capital Reimbursement Analysis sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the South Carolina Department of Health and Human Services and South Carolina Baptist Ministries for the Aging, Inc. d/b/a Bethea Baptist Health Care Center dated as of October 1, 2011, as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computation of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
November 19, 2015

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the financial statements or a part thereof. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.



George L. Kennedy, III, CPA
State Auditor

BETHEA BAPTIST HEALTH CARE CENTER
Computation of Rate Change
For the Contract Period
Beginning October 1, 2012
AC# 3-BBH-J1

	10/01/12- <u>09/30/13</u>
Interim Reimbursement Rate (1)	\$148.78
Adjusted Reimbursement Rate	<u>142.28</u>
Decrease in Reimbursement Rate	\$ <u><u>6.50</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated January 12, 2015.

BETHEA BAPTIST HEALTH CARE CENTER
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2012 Through September 30, 2013
 AC# 3-BBH-J1

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 81.89	\$ 83.27	
Dietary		21.73	17.38	
Laundry/Housekeeping/Maintenance		<u>9.47</u>	<u>16.63</u>	
Subtotal	<u>\$4.19</u>	113.09	117.28	\$113.09
Administration & Medical Records	<u>\$7.46</u>	<u>16.15</u>	<u>23.61</u>	<u>16.15</u>
Subtotal		129.24	<u>\$140.89</u>	129.24
<u>Costs Not Subject to Standards:</u>				
Utilities		3.11		3.11
Special Services		.99		.99
Medical Supplies & Oxygen		5.53		5.53
Taxes and Insurance		1.06		1.06
Legal Fees		<u>.11</u>		<u>.11</u>
TOTAL		<u>\$140.04</u>		140.04
Inflation Factor (N/A)				-
Cost of Capital				6.12
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				4.90
Cost Incentive				4.19
Effect of \$1.75 Cap on Cost/Profit Incentives				(7.34)
Budget Neutrality Adjustment (3.805%)				<u>(5.63)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$142.28</u>

BETHEA BAPTIST HEALTH CARE CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2011
 AC# 3-BBH-J1

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		Adjusted <u>Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$2,484,968	\$ 37,281 (8) 3,724 (9)	\$ 5,662 (10) 418 (10) 99,953 (11)	\$2,419,940
Dietary	664,796	453,536 (8) 2,259 (9)	5,915 (3) 1,434 (10) 471,259 (11)	641,983
Laundry	49,694	4,951 (4) 5,504 (8) 572 (9)	112 (10) 8,374 (11)	52,235
Housekeeping	144,614	5,915 (3) 43,507 (8)	4,951 (4) 304 (10) 44,063 (11)	144,718
Maintenance	83,297	311,302 (8) 198 (9)	426 (10) 311,400 (11)	82,971
Administration & Medical Records	544,965	180,690 (8)	16,445 (7) 595 (10) 36 (10) 231,336 (11)	477,243
Utilities	91,852	100,384 (8)	100,478 (11)	91,758
Special Services	29,338	-	-	29,338
Medical Supplies & Oxygen	176,764	-	6,446 (2) 6,753 (9) 36 (10)	163,529

BETHEA BAPTIST HEALTH CARE CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2011
AC# 3-BBH-J1

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	<u>Debit</u>	<u>Credit</u>	Adjusted <u>Totals</u>
Taxes and Insurance	31,628	85,668 (8)	85,851 (11)	31,445
Legal Fees	3,602	1,649 (8)	1,934 (11)	3,317
Cost of Capital	213,348	10,307 (5) 5,998 (8)	27,587 (1) 16,356 (6) 4,885 (11)	180,825
Subtotal	4,518,866	1,253,445	1,453,009	4,319,302
Ancillary	259,231	-	-	259,231
Nonallowable	2,734,832	27,587 (1) 6,446 (2) 16,356 (6) 16,445 (7) 9,023 (10) 1,359,533 (11)	10,307 (5) 1,225,519 (8)	2,934,396
CNA Training and Testing	616	-	-	616
Total Operating Expenses	<u>\$7,513,545</u>	<u>\$2,688,835</u>	<u>\$2,688,835</u>	<u>\$7,513,545</u>
Total Patient Days	<u>29,550</u>	<u>-</u>	<u>-</u>	<u>29,550</u>
Total Beds	<u>88</u>			

BETHEA BAPTIST HEALTH CARE CENTER
Adjustment Report
Cost Report Period Ended September 30, 2011
AC# 3-BBH-J1

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Fixed Assets	\$510,312	
	Other Equity	112,052	
	Nonallowable	27,587	
	Accumulated Depreciation		\$622,364
	Cost of Capital		27,587
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Nonallowable	6,446	
	Medical Supplies & Oxygen		6,446
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
3	Housekeeping	5,915	
	Dietary		5,915
	To properly classify expenses DH&HS Expense Crosswalk State Plan, Attachment 4.19D		
4	Laundry	4,951	
	Housekeeping		4,951
	To properly classify expenses DH&HS Expense Crosswalk State Plan, Attachment 4.19D		
5	Cost of Capital	10,307	
	Nonallowable		10,307
	To adjust depreciation and amortization expense to comply with capital cost policy State Plan, Attachment 4.19D		

BETHEA BAPTIST HEALTH CARE CENTER
Adjustment Report
Cost Report Period Ended September 30, 2011
AC# 3-BBH-J1

ADJUSTMENT NUMBER	ACCOUNT TITLE	DEBIT	CREDIT
6	Nonallowable Cost of Capital	16,356	16,356
	To adjust capital return State Plan, Attachment 4.19D		
7	Nonallowable Administration	16,445	16,445
	To disallow expense due to a lack of documentation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
8	Restorative	37,281	
	Dietary	453,536	
	Laundry	5,504	
	Housekeeping	43,507	
	Maintenance	311,302	
	Administration	180,690	
	Legal	1,649	
	Utilities	100,384	
	Taxes and Insurance	85,668	
	Cost of Capital	5,998	
	Nonallowable		1,225,519
	To reverse DH&HS adjustment to remove indirect costs applicable to non-reimbursable cost centers HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		
9	Nursing	3,724	
	Dietary	2,259	
	Laundry	572	
	Maintenance	198	
	Medical Supplies & Oxygen		6,753
	To properly classify expenses DH&HS Expense Crosswalk State Plan, Attachment 4.19D		

BETHEA BAPTIST HEALTH CARE CENTER
Adjustment Report
Cost Report Period Ended September 30, 2011
AC# 3-BBH-J1

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
10	Nonallowable	9,023	
	Nursing		5,662
	Restorative		418
	Dietary		1,434
	Laundry		112
	Housekeeping		304
	Maintenance		426
	Administration		595
	Medical Records		36
	Medical Supplies & Oxygen		36
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
11	Nonallowable	1,359,533	
	Restorative		99,953
	Dietary		471,259
	Laundry		8,374
	Housekeeping		44,063
	Maintenance		311,400
	Administration		231,336
	Legal		1,934
	Utilities		100,478
	Taxes and Insurance		85,851
	Cost of Capital		4,885
	To remove indirect costs applicable to non-reimbursable cost centers HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		
	<u>TOTAL ADJUSTMENTS</u>	<u>\$3,311,199</u>	<u>\$3,311,199</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

BETHEA BAPTIST HEALTH CARE CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 2011
 AC# 3-BBH-J1

Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>3.18210</u>	<u>3.18210</u>	
Deemed Asset Value (Per Bed)	49,698	49,698	
Number of Beds	<u>44</u>	<u>44</u>	
Deemed Asset Value	2,186,712	2,186,712	
Improvements Since 1981	495,924	57,048	
Accumulated Depreciation at 9/30/11	<u>(1,642,772)</u>	<u>(491,507)</u>	
Deemed Depreciated Value	1,039,864	1,752,253	
Market Rate of Return	<u>.0408</u>	<u>.0408</u>	
Total Annual Return	42,426	71,492	
Return Applicable to Non-Reimbursable Cost Centers	(1,749)	(2,946)	
Allocation of Interest to Non-Reimbursable Cost Centers	<u>222</u>	<u>137</u>	
Allowable Annual Return	40,899	68,683	
Depreciation Expense	51,489	23,760	
Amortization Expense	156	156	
Loss on Sale of Assets	259	308	
Capital Related Income Offsets	-	-	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(3,750)</u>	<u>(1,135)</u>	<u>Total</u>
Allowable Cost of Capital Expense	89,053	91,772	\$180,825
Total Patient Days (Minimum 92% Occupancy)	<u>14,775</u>	<u>14,775</u>	<u>29,550</u>
Cost of Capital Per Diem	\$ <u><u>6.03</u></u>	\$ <u><u>6.21</u></u>	\$ <u><u>6.12</u></u>

4 copies of this document were published at an estimated printing cost of \$1.38 each, and a total printing cost of \$5.52. Section 1-11-425 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.